Fleet Vehicles Agency

2003/04
ANNUAL REPORT

FLEET
VEHICLES AGENCY

Fleet Vehicles Agency is a Special Operating Agency
within Manitoba Transportation and Government Services

105-00025/

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Fleet Vehicles Agency is a Special Operating Agency
within Manitoba Transportation and Government Services

Letter from the Minister

MINISTER OF TRANSPORTATION
AND GOVERNMENT SERVICES

July 14, 2004

The Honourable John Harvard
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg MB R3C 0V8

May It Please Your Honour:

I have the privilege and pleasure to present, for the information of Your Honour, the Annual Report of Fleet Vehicles Agency (*FLEET*) for the year ended March 31, 2004.

This Report marks the completion of *FLEET*'s 70th year of operations within the provincial framework, the first 58 of which were in a branch format and the last 12 as a Special Operating Agency (SOA).

As you may know, *FLEET* was the flagship for SOAs in Canada at the provincial level and has served as a model for the other 16 Agencies currently within Manitoba and for alternative service delivery across the country. Its operating performance is one in which we are all justifiably proud.

Respectfully submitted.

R Lemieux

Ron Lemieux
Minister Responsible for
Fleet Vehicles Agency

Letter from the Deputy Minister

Manitoba

Deputy Minister of
Government Services

332 Legislative Building
Winnipeg MB R3C 0V8

Telephone: (204) 945-4414
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July 14, 2004

Honourable Ron Lemieux
Minister Responsible for Fleet Vehicles Agency
Manitoba Transportation and Government Services
Room 203, Legislative Building
Winnipeg MB R3C 0V8

Dear Mr. Minister:

I am very pleased to submit for your review and consideration the Annual Report of Fleet Vehicles Agency (*FLEET*) for the year ended March 31, 2004.

In March 2003, it was announced that *FLEET* would assume organizational responsibility for the Radio Services program effective April 1, 2003. The nine employees of the Radio Services Division are essentially responsible for evaluating and supplying the fixed and mobile radio requirements of its provincial and other clients. The successful consolidation of the operations and net assets of Radio Services into those of *FLEET* encompassed much of the 2003/04 year. The intention for 2004/05 is to work towards making Radio Services one of the specialty functions offered by *FLEET*.

FLEET continues to be diligent in addressing the Government's Sustainable Development Procurement Guidelines. Its current fleet of approximately 2,600 units contains 262 that are classified as Alternate Fuel vehicles. Of that number, 107 are E85s that run on regular gasoline, or on a combination of gasoline and up to 85% ethanol; eight are hybrid-electric vehicles; and the remainder are diesel (including 120 ambulances). Orders have already been received from customers in 2004/05 for additional Alternate Fuel units as replacement vehicles.

Once again, on behalf of departmental management, I would like to thank *FLEET*'s management and staff for their obvious commitment and dedication. We are all very pleased with the Agency's success over its 12 years as a SOA.

Respectfully submitted,

Gerry Berezuk
Deputy Minister of Government Services
Chairperson of the Fleet Vehicles Agency Advisory Board

Chief Operating Officer's Message

To the Many Stakeholders of Fleet Vehicles Agency (*FLEET*):

Operating results in each of our 12 years as a Special Operating Agency (SOA) have been positive, and the 2003/04 year is no exception. *FLEET* has developed the habit of functioning like the well-oiled machine it was intended to be.

The combined operations of *FLEET* and Radio Services produced revenues of almost $30 million for the year, and net earnings just below $2.2 million. Our receivables balance remains well below our 35 days sales in receivables target, and our debt to equity ratio, although increasing slightly, is making us more highly leveraged at a certainly acceptable pace.

We are finally making inroads into those new market opportunities usually referred to as "the broader public sector." The revenues from our targeted markets in 2003/04 were just over $2.7 million, an increase of 13.4% over revenues from the same targets in 2002/03. The most significant event affecting the overall increase is another 20 ambulances leased during the year to Manitoba Health for use by the RHAs (making our total ambulance complement 100 as of March 31, 2004). Inroads continue during the first quarter of 2004/05, including a further 20 ambulances leased to Manitoba Health, and the ordering and receipt of our first school bus—a 78 passenger bus leased to the Frontier School Division.

Another potential source of revenue for *FLEET* is going to take a little longer before it bears fruition. We still feel that Keys™, the most important tool in our fleet management service, has applications for the managing of large fleets and equipment throughout North America. Although we have not been actively marketing the program, much interest in it has been expressed by the Mechanical Equipment Services Branch (MES) of Transportation, by the fleet and equipment management SOA in the Yukon Territory, and, more recently, as an asset management tool by representatives within the provincial government. We plan to continue pursuit of these opportunities in 2004/05.

The consolidation efforts during 2003/04 between *FLEET* and Radio Services were good practice for an upcoming major amalgamation. Treasury Board has approved in principle the proposal to consolidate *FLEET* and MES, and to transfer the consolidated assets and operations into a new SOA. The Department has contracted with the consulting firm of SNC-Lavalin Inc. to develop an implementation plan in 2004/05 to bring *FLEET* and MES together. Although the consolidation implementation plan might take three to five years to fully effect, once completed, the new SOA will be able to offer both heavy and light duty equipment management services to our current and prospective customers.

I would like to take this opportunity to once again extend my appreciation to the management and staff at *FLEET*, and to our numerous stakeholders, clients and partners. Our operating success during the 2003/04 year, as well as that for our other 11 years as a SOA, could not have been achieved without the team effort exhibited by all concerned.

Dennis Ducharme
Chief Operating Officer

Profile and Direction of Fleet Vehicles Agency

Fleet Vehicles Agency (*FLEET*) has one of the larger single fleets of vehicles in Manitoba and, as an agency within Manitoba Transportation and Government Services, our main clients are the departments, agencies and crown corporations of the provincial government. As a supplier of complete vehicle management services, we are, however, exploring new market opportunities to provide our services to broader public sector organizations throughout the province.

The fleet currently consists of approximately 2,600 vehicles including trucks (52%), vans (31%), sedans (13%) and ambulances (4%) operating from more than 600 locations throughout the province. Annual distance travelled by the fleet now exceeds 56 million kilometres and annual fuel consumption is approaching 10 million litres.

Our Mission Statement

"We are committed to provide our clients with a complete range of quality fleet management services to assist in the efficient delivery of public programs."

On at least an annual basis, the management at *FLEET* scrutinizes its Mission and Vision Statements to ensure that these two important statements reflect the current direction desired by our management and staff, and by our major stakeholders. The most recent change from this self-examination process occurred to our vision statement in the fall of 2001, when we changed the adjective from "complete" to "all" in front of "...vehicle and equipment management services...."

FLEET's management and staff also annually formulate our operating goals and objectives, developing several guiding principles that we feel are important in the achievement of our continuing success. The critical success factors developed for 2003/04 and our results in addressing each factor's related goals and objectives are discussed in this Report in the section "Operating Objectives and Results."

As we at *FLEET* continue to work towards achieving our mission and vision, our actions and our working relationships will also be guided by, and reflect, the following important values:

- *Satisfy and exceed stakeholder expectations,*
- *Provide dependable and responsive service at competitive prices,*
- *Promote open communication and teamwork,*
- *Encourage individual learning, growth and achievement,*
- *Provide a safe work environment for all employees, and*
- *Eliminate or minimize risks to the environment.*

Our Vision Statement

"To provide all vehicle and equipment management services to the broader public sector."

Our Products and Services

FLEET's employees provide complete fleet administration support and vehicle maintenance to our clients from a central Winnipeg administration office and full service repair facility. Approximately one-third of the fleet is serviced from the Winnipeg garage and the remainder is serviced by the Agency's private sector contacts throughout Manitoba, with *FLEET* ensuring high service standards to customers regardless of location.

FLEET provides a full range of quality fleet management services. Our main objective is to serve public-sector organizations, in the anticipation that the development of partnerships with other levels of government will lead to the most efficient use of resources and cost savings to each partner.

Vehicles currently available range from compact sedans and half ton trucks to full size vans for the majority of our clients. In 2001/02, Manitoba Health added to vehicle types available when it began to lease ambulances from us for use by the various Regional Health Authorities. Client specifications determine the requirements for vehicles ordered and the flexible lease terms that are arranged. We also maintain a number of older vehicles for public sector organizations to lease at lower rates on a seasonal basis.

The average age of the fleet is currently 3.6 years, which is greater than our private sector competitors but comparable to other public sector fleet operations. Our vehicle replacement program maximizes fleet discounts on vehicle purchases, with those discounts reflected through our vehicle lease rates. Although the Agency can recommend optimal vehicle replacement, it is ultimately our clients' decisions when to replace their vehicles, and this is often affected by funding restrictions.

Costs arising from the acquisition and operation of a vehicle are charged monthly to our customers through rent (usually fixed for the term of the lease) and variable (based on kilometres driven) rate structures. Centralized payments of vehicle operating and administrative costs, including repair and fuel bills, eliminate the administrative task for our customers and allow us to take advantage of discounts and volume rebates.

Our repair facility's qualified personnel provide regular servicing, repairs, parts and bodyshop maintenance. Our garage is an accredited Private and Commercial Vehicle Inspection Centre. We can inspect all types of vehicles including taxicabs, medium and heavy duty trucks, cars and light duty trucks, school and transit buses, ambulances, and air brake equipped vehicles. Our bodyshop is qualified by Manitoba Public Insurance as an accredited Autopac autobody facility.

Commencing in 2003/04, *FLEET* now also offers the services of its Radio Services division. Its technicians install, maintain and repair two-way radios, and service existing radio base stations and remote monitoring devices throughout the province. It is the current intention that we shall work towards making Radio Services one of the specialty functions offered by *FLEET*.

Maintaining or Expanding Our Market

Over the past 70 years, *FLEET* has developed a range of products and services to meet the needs of provincial government clients. *FLEET*'s services fall into two main groups: Vehicle Services and Fleet Management Services. Taken together, these services constitute the Full Service package recommended by *FLEET*. Vehicle Services include leases, long-term rentals,

short-term (daily) rentals, and vehicle insurance and registration. Fleet Management Services cover a whole range of services including a *FLEET* credit card for fuel purchases, repair authorizations, a preventive maintenance program, an invoice payment service, a taxable benefit program, and a complete history of cost, maintenance and distance for each vehicle.

Throughout 2003/04, our staff used the valuable information collected and stored by Keys™, our Fleet Management Information System, to assist customers in analyzing aspects of their vehicle costs and to provide detailed billing data tailored to each customer's specific needs.

Present provincial clients have the option of tendering their new vehicle requirements with *FLEET* or with private sector leasing companies. Private sector bids may be accepted over *FLEET*'s bid only if the departments or agencies are able to demonstrate to Treasury Board that the provincial government would receive better value for its dollar if the department's or agency's fleet management needs were provided by an organization other than *FLEET*. To date, no other organization has been located that is able to provide such value.

Although it remains *FLEET*'s intention to concentrate on further development within departments and agencies of the provincial government and to make further inroads with provincial crown corporations, our vision since 1992 has been to advance new market opportunities and services on a limited basis to the broader public sector within Manitoba. With the approval in March 2000 for *FLEET*'s access to Loan Act Authority to acquire vehicles for lease to these potential markets, the previous barrier to making serious inroads has been removed. Our current objective is to approach specific target markets and prospective new clients who expressed interest in the past, and to ready, promote and position ourselves to commence the process of tapping into these markets.

Structure for Operations

Historical Perspective

Fleet Vehicles Agency was established as a branch of the Manitoba Provincial Government in 1934 to provide centralized fleet management and related services to provincial departments, agencies and crown corporations. It was established to maximize efficiencies in vehicle acquisitions, maintenance and use, and to lower overall vehicle operating costs.

On April 1, 1992, the branch was approved as a Special Operating Agency (SOA), the first such agency to be created in Manitoba and at the provincial level in Canada.

Effective April 1, 2003, the Radio Services operations and staff of nine were transferred to the Agency.

Accountability Structure

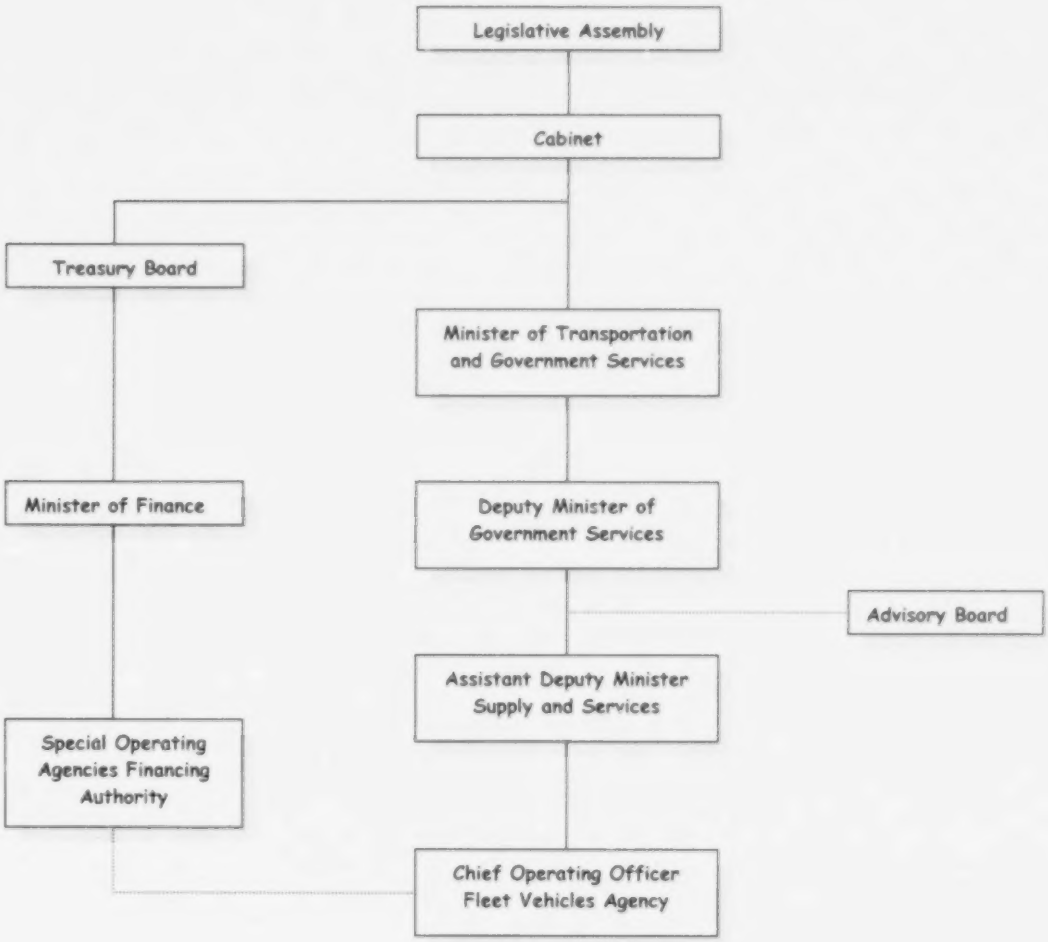
As an organization within Manitoba Transportation and Government Services, *FLEET* reports directly to the Assistant Deputy Minister, Supply and Services, and is held accountable to the Deputy Minister of Government Services and to the Minister of Transportation and Government Services for operational and financial performance.

The Agency operates outside of the Consolidated Fund under the Special Operating Agencies Financing Authority (SOAFA), which holds title to the Agency's assets, provides financing for operations, and is responsible for its liabilities.

Governance and accountability are substantiated by *FLEET*'s compliance with its Operating Charter, Transfer Agreement, Management Agreement, applicable General Manual of Administration policies, and by The Special Operating Agencies Financing Authority Act. Financial and operational information and requirements are disseminated to and from Treasury Board through a SOA Coordinator at Treasury Board Secretariat.

The Accountability Structure Chart presented below outlines the current structure.

Fleet Vehicles Agency
Accountability Structure Chart
March 31, 2004



Advisory Board

The Advisory Board for Fleet Vehicles Agency meets as required to review the Agency's financial and operating reports, the draft Business Plan and any proposed changes to the Agency Charter. The Board's members offer advice and direction on short and long term strategic planning, reporting and management issues of concern to us and to our stakeholders in both the private and public sectors.

Members of the *FLEET* Advisory Board as of March 31, 2004, are listed below.

Members of the Advisory Board for Fleet Vehicles Agency

CHAIR	***Gerry Berezuk*** *Deputy Minister* Government Services	
MEMBERS		
Private Sector Representative	***Randy Manikel*** *Consultant* RIO Management and Consulting Ltd.	
Client Representatives	***John Hosang*** *Assistant Deputy Minister* Manitoba Transportation and Government Services	***David Wotton*** *Assistant Deputy Minister* Manitoba Conservation
Ex Officio	***Tracey Danowski*** *A/Assistant Deputy Minister* Manitoba Transportation and Government Services	***Dennis Ducharme*** *Chief Operating Officer* Fleet Vehicles Agency
Staff Representative	***Andy Chartrand*** *Environment and Program Analyst* Fleet Vehicles Agency	

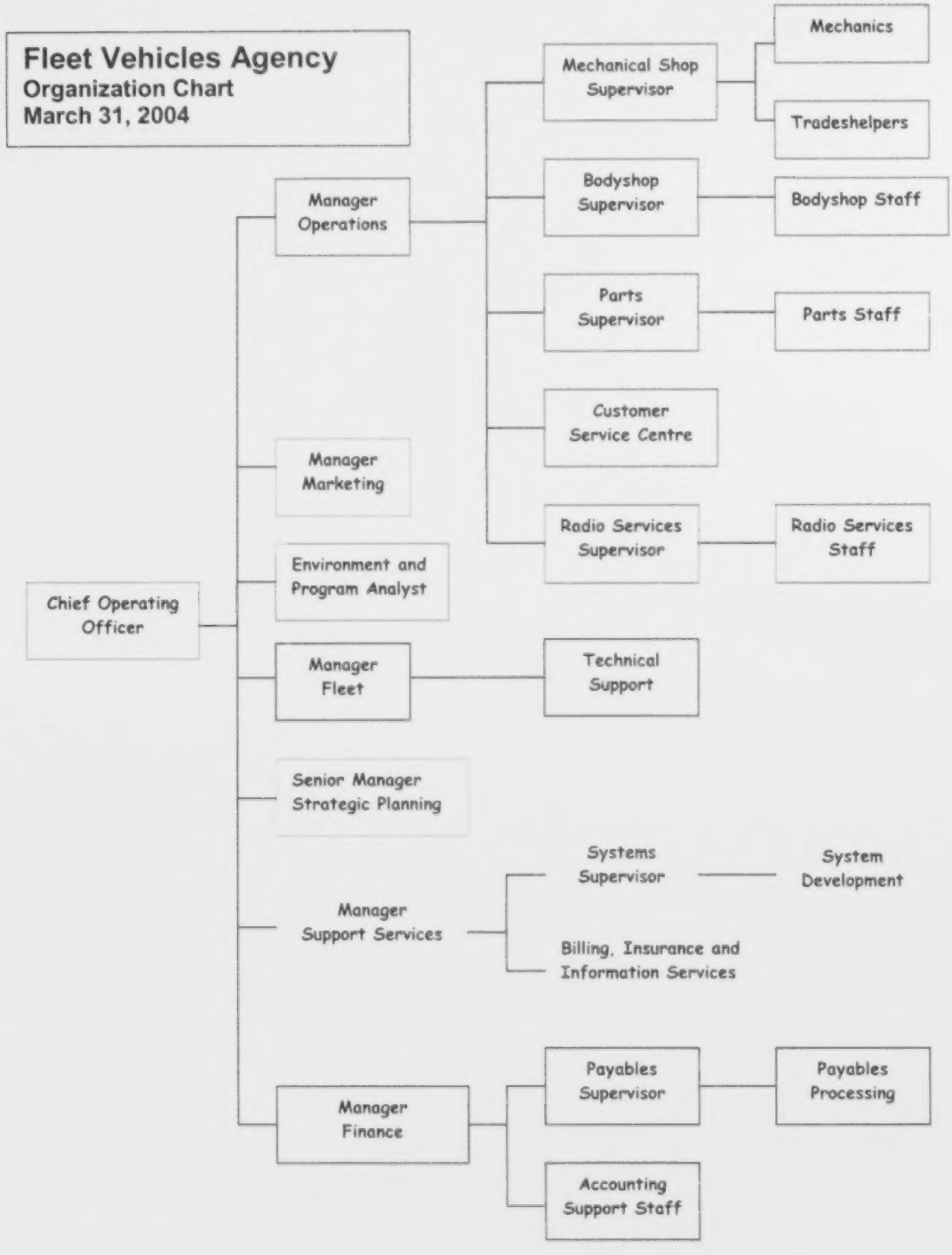
Organization Chart

On becoming a Special Operating Agency in 1992, *FLEET* operated with 48 approved staff positions. In January 2001, Treasury Board approved two additional positions, resulting in a staff complement of 50 regular Full Time Employees (FTEs) at *FLEET*.

Also in January 2001, Treasury Board approved delegated authority for the Agency to manage its staff complement independently, without prior Treasury Board approval, which means that the *FLEET* management can engage incremental staff as business circumstances dictate. This delegated authority is reviewed annually by Treasury Board as a part of their review of each year's Business Plan.

With the consolidation of the Radio Services operations into *FLEET* effective April 1, 2003, an additional nine FTE positions were transferred to the combined operations. As a result, *FLEET* and Radio Services currently operate with 59 FTEs. Term positions are added as required.

The Organization Chart presented below reflects the reporting and working relationships that have developed at *FLEET* in the years since we became a Special Operating Agency.



Operating Objectives and Results

Each year, the management and staff at *FLEET* identify key objectives in the preparation of our annual Business Plan that we consider important to the continuing success of the Agency. The four categories into which these factors fall during 2003/04 are highlighted below. The annual goals and objectives are monitored by management on a regular basis during the year through a detailed step-by-step performance framework that we call The *FLEET* Plan.

Highlights of our progress in meeting the performance targets that were included as a part of our 2003/04 Business Plan are provided below within each category.

Promoting Energy-Related Opportunities

Our goals during 2003/04 included working towards increased awareness of the government's Sustainable Development guidelines and initiatives with customer and prospective customer vehicle coordinators and drivers, and with all levels of staff at *FLEET*.

- We have offered hybrid-electric vehicles to our clients as new or replacement vehicles in their programs for the past two to three years, and had eight (two 2001 Toyota Prius, two 2003 Honda Civic, and four 2004 Honda Civic) in our fleet as of March 31, 2004 (seven assigned to departments, and one in our short term rental pool). In June 2004, three hybrid GM Silverado trucks were received; two of those trucks have been assigned to a customer, and one is being used in our daily rental program. Our fleet also includes 107 E85 vehicles as of March 31, 2004—mostly vans and sedans, but also trucks, SUVs and Suburbans.

- Several sessions were held with representatives from customer departments to explain the use and benefits of ethanol-blended fuel, the consideration of diesel applications for working vehicles in the fleet, and the decrease of engine idling (the Anti-Idling Awareness Campaign). More sessions are pending in 2004/05.

- There was a directive in September 2002 to all government departments that they should advise their drivers that they are required to purchase ethanol-blended fuel where it is reasonably available. A part of *FLEET*'s job was to monitor and report on the results of this directive. In 2003/04, there were 1,982,521 litres of ethanol-blended fuel purchased for vehicles in the fleet, an increase of 53.9% over 2002/03 litres purchased.

- A session for all *FLEET* staff on Sustainable Development initiatives, anticipated for 2003/04, was delayed until June 2004 to enable Waste Stream Services to properly review our present procedures, and provide new disposal receptacles in the office and in the shop. Presentations at the session were made by Climate Change Connection on climate change and the effects of greenhouse gases, Waste Stream Services on recycling, and by *FLEET*'s Environment Analyst on the benefits of ethanol-blended fuel and the harmful effects caused by engine idling.

Consolidating the Operations of Radio Services into *FLEET*

Effective April 1, 2003, the Radio Services Program within the Desktop, Telecommunications and Network Services Branch of the Department of Transportation and Government Services was transferred to the Agency. Radio Services is responsible for evaluating and supplying the fixed and mobile radio requirements of its provincial and other clients, and operates from three shops,

with a radio repair shop located in each of Winnipeg, Dauphin and Thompson. Inventory and equipment is a part of each shop location. Some of the steps and procedures taken to consolidate the two operations during 2003/04 follow:

- It was necessary to count, list and value the inventories, equipment and other assets of Radio Services as of April 1, 2003, and to draft and sign a transfer agreement with the Province and the Special Operating Agencies Financing Authority.

- In April 2003, the position of Radio Services Supervisor was bulletined, and the successful applicant was appointed. It was determined that the Supervisor should report to the Manager, Operations at *FLEET*.

- Although it took several months, the daily operations of Radio Services in connection with their parts inventory, work orders, and billing requirements have now been consolidated into *FLEET*'s Keys™ program. *FLEET* managers have visited all Radio Services locations to meet the staff and to review each location's operations.

- Considerable time and effort was spent in addressing whether the Radio Services shop in Winnipeg should stay where it is currently located, move to or adjacent to *FLEET*, or move to another location. It has now been decided to have the consultants in the *FLEET*/MES amalgamation address this issue as a part of their overall logistics recommendations.

- To assist in making Radio Services one of the specialty functions offered by *FLEET*, Radio Services personnel have been a part of *FLEET*'s presence at several tradeshows during 2003/04, and Radio Services is now also a part of *FLEET*'s website.

Marketing our Services to School Divisions and Rural Municipalities

Over the past three to four years, representatives from *FLEET* have attended and made presentations at conferences and tradeshows for school division organizations including the Manitoba Association of School Business Officials (MASBO), Manitoba Association of School Trustees (MAST), and Manitoba Association of School Superintendents (MASS). In addition, we have made presentations to at least two school divisions, and tendered on the replacement of school buses for others.

As with school divisions, we have had expressions of interest from time to time from various municipalities about leasing arrangements for both new and "experienced" vehicles. Those expressions of interest primarily relate to trucks, vans and sedans, but have, on occasion, extended to fire trucks and other specialty vehicles. We have been a regular attendee at the Association of Manitoba Municipalities (AMM) tradeshows for the past several years.

- We currently have ten vehicles placed with the Frontier School Division and 16 vehicles with the Winnipeg School Division. Although we received many inquiries and considerable interest from other school divisions in 2003/04, we were unsuccessful in providing any light duty leases to other school divisions. The objective has been carried forward into our 2004/05 Business Plan.

- School buses were highlighted as Specialty Vehicles in *FLEET*'s 2004 Vehicle Ordering Guide. Persistence and perseverance finally paid off. Late in 2003/04, Frontier School Division ordered one 78-passenger school bus, and has expressed interest in leasing more. A neighbouring school division has also expressed serious interest in obtaining

information on leasing school buses from us. Our objective of leasing a minimum of 10 school buses by March 31, 2006, may still be within our grasp.

- Providing full fleet management services to a minimum of two rural municipalities in Manitoba by March 31, 2004, has proven to be a very hard "nut" to crack. We plan, however, to continue pursuit into 2004/05, and have repeated this objective in that year's Business Plan.

- At the tradeshows, and as follow-up to those shows, we have been targeting school division and municipal decision-makers to present *FLEET*'s services and benefits to them. We have also made sure that they are aware of our ambulance and other specialty vehicle capabilities, and we have discussed the various services that *FLEET*'s repair facility can provide to them.

- With *FLEET*'s assistance, the Radio Services staff has been marketing the FleetNet mobile radio services to emergency services operations in rural Manitoba municipalities. *FLEET* hopes to be able to piggyback on this opportunity to approach key people in the municipalities to also market *FLEET*'s products and services.

Working Towards a *FLEET*/MES Amalgamation

The independent consulting firm of Deloitte & Touche LLP completed their review of available organizational options in June 2002, recommending the "enable" (full consolidation) option for *FLEET* and the Mechanical Equipment Services Branch (MES) of Transportation. The goals and objectives in our 2003/04 Business Plan included that we at *FLEET* should continue to work towards the consolidation of the operations and assets of the two organizations.

- In September 2003, Treasury Board approved in principle the proposal to consolidate *FLEET* and MES into a new SOA to deliver both heavy and light duty vehicular services.

- In November 2003, Treasury Board directed the Department to proceed to engage an external consultant to develop a detailed, time-framed implementation plan including financial implications, staffing levels and asset valuation implications for the Department and for the new SOA.

- In March 2004, a Request for Proposal was released on MERX, and a Management Committee was struck to oversee the selection of the consultant and the development of the implementation plan.

- The consulting firm of SNC-Lavalin Inc. was appointed in June 2004, and began its initial meetings and review of operations of both *FLEET* and MES in July 2004. The goal is to have their final report towards the end of October or the early part of November 2004, if possible, so that information may be incorporated into a 2005/06 Business Plan for the new SOA.

Financial Performance

The following financial review and analysis compare the actual results for the year ended March 31, 2004, to the projections for the same period and to the actual results for the year ended March 31, 2003. This review and analysis should be read in conjunction with *FLEET*'s financial statements for the year (pages 19 to 29) and the summarization of key elements from the earnings statements in Table 1.

All dollar amounts in the review and analysis are in thousands of dollars.

Operating Results

As summarized in Table 1, *FLEET* is reporting net earnings of $2,170 for the year ended March 31, 2004, compared to a projected $1,887 and an actual $1,983 for the years ended March 31, 2004 and 2003 respectively. If the $231 earnings for the Radio Services division, new to our operations in 2003/04, is removed from the equation, *FLEET*'s actual net earnings for 2003/04 are $52 better than projected, but $44 less than 2002/03.

Table 1 *(In thousands of dollars)*	**Actual** Year ended Mar 31 2004	**Projected** Year ended Mar 31 2004	**Actual 2003/04 vs. projected 2003/04** Increase/ (decrease)	**Actual** Year ended Mar 31 2003	**Actual 2003/04 vs. actual 2002/03** Increase/ (decrease)
Vehicle leases	$ 25,259	$ 24,874	$ 385	$ 23,866	$ 1,393
Gain on disposal of vehicles and equipment, net	704	528	176	894	(190)
Interest income	35	10	25	10	25
Other revenue	1,898	1,673	225	1,710	188
Total *FLEET* revenue	**27,896**	**27,085**	**811**	**26,480**	**1,416**
Salaries	2,173	2,140	33	1,999	174
Vehicle operating expenses	21,291	20,395	896	20,055	1,236
Administrative expenses	1,360	1,425	(65)	1,340	20
Community service	44	40	4	28	16
Interest expense	1,089	1,198	(109)	1,075	14
Total *FLEET* expenses	**25,957**	**25,198**	**759**	**24,497**	**1,460**
***FLEET* earnings**	**1,939**	**1,887**	**52**	**1,983**	**(44)**
Radio Services earnings, net	**231**	**0**	**231**	**0**	**231**
Combined net earnings	**$ 2,170**	**$ 1,887**	**$ 283**	**$ 1,983**	**$ 187**

Other selected highlights of our operating results are summarized in the following points:

- Much of the $1,393 increase in vehicle lease revenues in the period over period comparisons was offset by a $1,236 increase in vehicle operating expenses, with the majority of that expense increase coming in the form of vehicle amortization ($647) and insurance premiums ($345).

- Fuel expense of $6,218 is $163 less than projected for the year ended March 31, 2004, even though the number of kilometres actually driven during the period exceeded those projected. The $0.6382 per litre actual price paid for fuel during the period, compared to the $0.7119 projected price, is the main reason. The story for the 2004/05 year, however, has started out in a much different fashion, causing a two cents per kilometre increase in our variable rates effective July 1, 2004, to offset soaring prices at the pumps.

- Interest rates remained low during 2003/04. Our two draw downs from Loan Act Authority during the year were at 4-7/8% and 3-5/8%, rates that are even better than those we obtained during 2002/03. Our projections called for some increase in rates during the year. The result is a $109 favourable variance in our actual versus projected interest expense for the year.

- Repairs and maintenance costs for the vehicles in our fleet continue to increase. The $3,709 amount for 2003/04 is $445 more than projected, and $247 more than the amount for 2002/03. *FLEET* management continues to monitor the situation to ensure that our rates cover the increased costs, while we seek ways to curtail the increases where possible.

Financial Position

- The fleet totals 2,624 units as of March 31, 2004, compared to a fleet of 2,639 a year ago. We received 320 vehicles during the year (including 20 ambulances) and disposed of 335 trucks, vans and sedans. Included in the 2,624 units on hand are a further 35 trucks, vans and sedans that were disposed of during the first quarter of 2004/05.

- The carrying value of our capital assets at $40,675 is $2,061 more than projected and $1,612 more than it was as of March 31, 2003. Of the increase in net book value between year-ends, $1,047 relates to the increase in the number of ambulances (from 80 to 100) during the year ended March 31, 2004. A further $580 relates to the ever-increasing carrying value of our trucks, vans and sedans. The carrying value of our other capital assets actually decreased by $15 during the year.

- There were two draw downs from Loan Act Authority during the 2003/04 year: $1,745 on December 31, 2003, for ambulances, and $1,355 on March 31, 2004, towards the purchase of trucks, vans and sedans. Once an Order in Council was obtained for the $4,000 in Loan Act Authority availability approved in The Loan Act, 2003, a further $2,345 was drawn down in April 2004 towards the purchase of trucks, vans and sedans.

- Our working capital payable position as of March 31, 2004, of $2,660 is slightly less than projected and slightly less than it was as of March 31, 2003. There is a myriad of factors that influence that position at any moment in time, including management's decisions as to when and how much should be drawn down from Loan Act Authority, when payables should be paid, and how much collection pressure should be put on our customers. The management at *FLEET* is used to operating from a working capital payable position, especially during the second six months of each fiscal year.

- The numbers for the consolidation into *FLEET* of the net assets and operations of Radio Services (see Note 10 to the financial statements) were finalized during the fourth quarter of 2003/04, retroactive to April 1, 2003. Their inclusion accounts for much of the increase in inventories, and all of the increase in the receivable from the Province and contributed equity, compared to balances as of March 31, 2003.

Ratio Analysis

Table 2 Ratio	Projected	March 31 Actual		
	2003/04 Year	**2004**	2003	2002
Return on total revenue	6.97%	**7.72%**	7.49%	11.72%
Return on average assets	4.38%	**4.95%**	4.73%	7.72%
Return on average equity	10.82%	**12.41%**	11.78%	18.66%
Debt to equity	1.44 to 1	**1.52 to 1**	1.50 to 1	1.49 to 1
Current ratio	0.43 to 1	**0.30 to 1**	0.33 to 1	0.35 to 1
Days sales in receivables	35.0 days	**22.9 days**	21.1 days	34.2 days

- The three calculated rates of return in Table 2 for the year ended March 31, 2004, slightly exceed both the projected rates for the 2003/04 year and the actual rates for the 2002/03 year. In fact, the majority of the ratios are quite close to projections and to the picture portrayed last year.

- The one ratio that continues to please the *FLEET* management is the calculated days sales in receivables. The 22.9 days as of March 31, 2004, is once again considerably better than the targeted 35.0 days at the end of each quarter. Convincing more and more of our customers to pay annual amounts at the start of the fiscal year to obtain a discount is part of the reason. But it's also evidence of the excellent job done by our staff in recent years in getting the invoices issued on a timely basis and in following up with slow paying accounts.

Financial Assessment to Date and for the Future

- Much of our financial success, in the form of strong operating results and financial position, has been enhanced, during our 12 years as a Special Operating Agency, by the loyalty and support of the departments, agencies and crown corporations that are our clients.

- *FLEET* is mandated as a cost minimization and cost recovery function. In spite of our mandate, *FLEET* has seemingly less control over its expenses and every day business operations today than it did when it became a SOA in 1992. Anything that significantly adds to our costs and expenses, including annual revenue sharing payments to the Consolidated Fund, increases the prices that we must charge to our customers.

- The result of price increases is less attractive rates to our current and potential customers, making our attempts at new market development more difficult, and current customer analyses of our rates a serious threat to losing their business.

- Our continuing challenge for the future will be to juggle our commitments for revenue sharing payments against our cost minimization mandate in an attempt to keep all stakeholders satisfied and happy.

Responsibility for Financial Reporting

The Agency's management is responsible for preparing the financial statements and other financial information in the Annual Report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of the Agency's financial position and results of operations in accordance with Canadian generally accepted accounting principles. The financial statements include amounts that are based on management's best estimates and judgements. The Agency's financial statements have been audited by Grant Thornton LLP, independent external auditors.

The Agency maintains a system of internal controls throughout its operation that provides reasonable assurance that transactions are authorized, properly recorded and reported, and that assets are safeguarded.

An Advisory Board is available to meet, as required, with management to review accounting practices, financial reporting and to discuss audit results. During the year, management met once with the Advisory Board. The auditors have free and full access to this Board, to discuss the results of their audit and their views on the adequacy of internal controls and the quality of financial reporting.

Dennis Ducharme
Chief Operating Officer

Albert Ogonoski
Manager, Finance

May 13, 2004

Grant Thornton

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the
Special Operating Agencies Financing Authority

We have audited the balance sheet of **Fleet Vehicles Agency, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba** as at March 31, 2004 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2004, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Winnipeg, Canada
May 13, 2004

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Financial Statements

Statements of Earnings and Retained Earnings
Year Ended March 31
(In thousands)

		2004	2003
Revenue	Vehicle leases	**$ 25,259**	$ 23,866
	Gain on disposal of vehicles and equipment, net	**704**	894
	Interest income	**35**	10
	Other revenue (Page 28)	**1,898**	1,710
		27,896	26,480
Expenses	Salaries	**2,173**	1,999
	Vehicle operating expenses (Page 28)	**21,291**	20,055
	Administrative expenses (Page 28)	**1,360**	1,340
	Community service	**44**	28
	Interest expense	**1,089**	1,075
		25,957	24,497
Earnings before other income		**1,939**	1,983
Other income	Radio Services, net (Page 29)	**231**	
Net earnings		**$ 2,170**	$ 1,983

Retained earnings, beginning of year	**$ 12,952**	$ 12,469
Net earnings	**2,170**	1,983
Revenue sharing to the Consolidated Fund	**(1,500)**	(1,500)
Retained earnings, end of year	**$ 13,622**	$ 12,952

See accompanying notes to the financial statements.

Financial Statements

Balance Sheet
March 31
(In thousands)

		2004	2003
Assets	Current		
	Receivables (Note 3)	**$ 2,129**	$ 1,800
	Inventories	**231**	69
	Prepaids	**1,739**	1,538
		4,099	3,407
	Capital assets (Note 4)	**40,675**	39,063
	Receivable from the Province of Manitoba		
	Severance pay benefits (Note 5)	**270**	194
		$ 45,044	$ 42,664
Liabilities	Current		
	Working capital payable, net of cash (Note 6)	**$ 2,660**	$ 2,773
	Payables and accruals	**2,256**	887
	Revenue sharing to the Consolidated Fund		375
	Unearned revenue	**1,014**	980
	Current portion of long-term debt	**7,877**	5,206
		13,807	10,221
	Long-term debt (Note 7)	**12,945**	15,083
	Severance pay liability (Note 5)	**386**	290
		27,138	25,594
Equity	Contributed equity (Note 8)	**4,284**	4,118
	Retained earnings	**13,622**	12,952
		17,906	17,070
		$ 45,044	$ 42,664

Commitments (Note 9)

See accompanying notes to the financial statements.

Financial Statements

Statement of Cash Flows
Year Ended March 31
(In thousands)

		2004	2003
Increase (decrease) in cash and cash equivalents			
Operating	Net earnings	**$ 2,170**	$ 1,983
	Amortization	**8,521**	7,851
	Gain on disposal of vehicles and equipment, net	**(704)**	(894)
	Increase in severance pay liability	**108**	29
	Payment of severance pay benefits	**(12)**	
		10,083	8,969
	Change in		
	Receivables	**(329)**	663
	Inventories	**(162)**	(8)
	Prepaids	**(201)**	(322)
	Payables and accruals	**1,369**	(205)
	Revenue sharing to the Consolidated Fund	**(375)**	25
	Unearned revenue	**34**	506
		10,419	9,628
Investing	Proceeds from disposal of vehicles and equipment	**1,670**	2,064
	Acquisition of vehicles	**(10,941)**	(10,600)
	Acquisition of office, shop and computer equipment	**(158)**	(106)
	Acquisition of leasehold improvements		(59)
	Consolidation of net assets of Radio Services	**166**	
		(9,263)	(8,701)
Financing	Proceeds from Loan Act Authority draw downs	**3,100**	6,550
	Long-term debt repayments	**(2,567)**	(4,841)
	Revenue sharing to the Consolidated Fund	**(1,500)**	(1,500)
	Receivable from the Province of Manitoba	**(76)**	
		(1,043)	209
Net increase in cash and cash equivalents		**113**	1,136
Working capital payable, net of cash and cash equivalents			
	Beginning of year	**(2,773)**	(3,909)
	End of year	**$ (2,660)**	$ (2,773)

See accompanying notes to the financial statements.

Financial Statements

Notes to the Financial Statements
March 31, 2004
(In thousands)

1. Nature of organization

In 1934, Fleet Vehicles was created as a branch of the Manitoba Provincial Government to provide a centralized fleet management program. It was established to achieve economies of scale and to lower overall fleet costs to government.

Effective April 1, 1992, the Fleet Vehicles branch was designated as a Special Operating Agency under The Special Operating Agencies Financing Authority Act, Cap. S185, C.C.S.M., and operates under a charter approved by the Lieutenant Governor in Council.

Effective April 1, 2003, the Radio Services Program within the Desktop, Telecommunications and Network Services Branch of the Department of Transportation and Government Services was transferred to the Agency.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). SOAFA has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. This financial framework enables the Agency to operate in a business-like manner according to public policy expectations.

A 1992 Management Agreement between SOAFA and the then Minister of Government Services assigns responsibility to the Agency to manage and account for the Agency-related assets and operations on behalf of SOAFA.

Fleet Vehicles Agency continues to be part of Manitoba Government Services under the general direction of the Assistant Deputy Minister, Supply and Services Division, and ultimately the policy direction of the Deputy Minister and the Minister of Transportation and Government Services.

Fleet Vehicles Agency remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided in its charter in order to meet business objectives.

Fleet Vehicles Agency is economically dependent on The Government of Manitoba, as it derives most of its revenue and all of its capital financing requirements from the Province.

2. Significant accounting policies

Basis of reporting

The financial statements of the Agency are presented in accordance with Canadian generally accepted accounting principles.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and short term investments with original maturities of six months or less. Bank borrowings are considered to be financing activities.

Financial Statements

Notes to the Financial Statements
March 31, 2004
(In thousands)

2. *Significant accounting policies* (continued)

Inventories

Inventories are valued at the lower of cost and market value.

Capital assets

Rates and bases of amortization applied to write off the cost less estimated salvage value of capital assets over their estimated lives are as follows:

Vehicles	30%, declining balance
Vehicles (signed lease agreement)	straight line over term of lease
Office and shop equipment	20%, declining balance
Computer software and equipment	20%, straight line
Leasehold improvements	10%, straight line

Use of estimates

In preparing the Agency's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Financial instruments

The Agency's financial instruments consist of accounts receivable, accounts payable and long-term debt. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

3. *Receivables*

	2004	2003
Trade	**$ 964**	$ 742
Accrued trade	**798**	703
Insurance agency rebate receivable	**367**	355
	$ 2,129	$ 1,800

Financial Statements

Notes to the Financial Statements
March 31, 2004
(In thousands)

4. Capital assets

	Cost	Accumulated Amortization	2004 Net Book Value	2003 Net Book Value
Vehicles	$ 72,879	$ 32,823	**$ 40,056**	$ 38,429
Office, shop and computer equipment	1,468	1,098	**370**	330
Leasehold improvements	589	340	**249**	304
	$ 74,936	$ 34,261	**$ 40,675**	$ 39,063

5. Severance pay liability

Effective April 1, 1998, the Agency commenced recording accumulated severance pay benefits for its employees. Severance pay is determined by multiplying years of service, to a maximum of 15 years, by the weekly salary at date of retirement, provided the employee has reached nine years of service and retires from the Agency. Effective April 2000, there is also additional severance pay for employees with 20 or more years of accumulated service. The estimate is based upon the method of calculation set by the Province of Manitoba.

The Province has accepted responsibility for the severance benefits accumulated by the Agency's employees through specific dates. That responsibility is currently reflected by a $194 receivable from the Province for the employees at the Agency as of March 31, 1998, together with a $76 receivable from the Province for the employees at Radio Services as of March 31, 2003, who are also now with the Agency.

The receivable from the Province will only be collected, in whole or in part, in the event there is a cash short fall in the Agency. It is probable, therefore, that collection will only occur on the dissolution of the Agency.

An actuarial valuation report from February 2001 provides a formula to update the liability on an annual basis. In accordance with the formula, the Agency's liability is recalculated annually, with payments to retiring employees no longer with the Agency or the Province charged against the liability.

6. Working capital payable

The Agency has an authorized line of working capital advances of $4,000, $2,730 of which was used as of March 31, 2004 (2003: $2,795).

Financial Statements

Notes to the Financial Statements
March 31, 2004
(In thousands)

7. Long-term debt

By virtue of the Management Agreement, the Agency is responsible for the repayment of debts assumed by the Special Operating Agencies Financing Authority (SOAFA) on its behalf. SOAFA holds the debt instruments listed in this Note on behalf of Fleet Vehicles Agency.

Loan Act Authority long-term debt is repayable in semi-annual instalments of principal and interest, as follows:

Interest Rate	Instalment Amount	Maturity Date	Principal Balance Owing March 31 2004	2003
5 ½ %	232	March 31, 2004	$ 225	$ 444
6%	141	March 31, 2004	137	269
6 7/8%	408	March 31, 2005	1,143	1,499
6 5/8%	167	September 30, 2005	615	757
5 3/4%	495	March 31, 2006	2,275	2,693
5 3/8%	121	September 30, 2006	663	764
4 3/4%	243	September 30, 2006	1,344	1,550
5 5/8%	174	March 31, 2007	1,093	1,232
4 1/4%	179	September 30, 2007	1,307	1,455
4 3/4%	397	March 31, 2008	3,186	3,500
6.425%	146	March 31, 2009	1,334	1,434
3 5/8%	149	March 31, 2009	1,355	
5 1/4%	159	September 30, 2009	1,622	1,736
5 5/8%	134	September 30, 2009	1,352	1,446
5 1/8%	123	September 30, 2010	1,426	1,510
4 7/8%	137	September 30, 2011	1,745	
Total principal owing as of March 31			20,822	20,289
Amount due within one year			7,877	5,206
Long-term debt as of March 31			$ 12,945	$ 15,083

Unused loan authority of $3,100 was available as of March 31, 2003. An additional $4,000 was approved during 2003/04, for a total available loan authority of $7,100. Following the draw down of $3,100 during the year, there is $4,000 in unused loan authority remaining as of March 31, 2004, to be used towards the purchase of trucks, vans and sedans. Of that amount, $2,345 was drawn down in April 2004.

Principal ($2,685) and interest ($500) payments due on March 31, 2004, were not made until April 2004. Accordingly, the principal amount due within the year ending March 31, 2005, includes the principal portions for three semi-annual payments.

Financial Statements

Notes to the Financial Statements
March 31, 2004
(In thousands)

7. *Long-term debt* (continued)

As of March 31, 2004, principal repayments in each of the next five years are as follows:

2005	$ 7,877
2006	4,486
2007	3,181
2008	2,436
2009	1,571

8. *Contributed equity*

The Special Operating Agencies Financing Authority (SOAFA) and The Government of Manitoba entered into a Transfer Agreement in connection with the transfer from the Government to SOAFA of assets valued at $12,353 required for the continuing operations of Fleet Vehicles Agency as of March 31, 1992. The Agency has repaid the debt portion in the amount of $8,235 (2/3 of the value of the assets) and has recorded the balance of $4,118 (1/3 of the value of the assets) as the Government's equity in SOAFA relating to the Agency's operations.

As discussed in Note 10 below, the Agency's contributed equity was increased by $166 as of April 1, 2003, with the transfer of the net assets of Radio Services to the Agency.

9. *Commitments*

(a) Pursuant to a Memorandum of Understanding dated May 31, 1996, the Agency entered into a lease agreement with The Government of Manitoba through Manitoba Government Services for the rental of the facilities at 626 Henry Avenue, Winnipeg, Manitoba. Occupancy charges for each fiscal year including 2004/05 are established annually based on the approved budget for the Department of Transportation and Government Services. Occupancy charges for 2004/05 are estimated at $441 for the year, to be paid in quarterly instalments during 2004/05.

(b) Occupancy charges for the Winnipeg premises for the Radio Services division of the Agency are established annually based on the approved budget for the Department of Transportation and Government Services. Occupancy charges for 2004/05 are estimated at $41 for the year, to be paid in quarterly instalments during 2004/05.

(c) The Agency's approved 2004/05 Business Plan calls for $1,500 in revenue sharing to be paid in quarterly instalments to the Consolidated Fund during 2004/05.

Financial Statements

Notes to the Financial Statements
March 31, 2004
(In thousands)

10. Consolidation with operations of Radio Services

Effective April 1, 2003, the Radio Services Program within the Desktop, Telecommunications and Network Services Branch of the Department of Transportation and Government Services was transferred to the Agency.

The Program operates on a full cost recovery basis and currently has nine employees. Valuations for inventory, equipment and other assets as of April 1, 2003, have been finalized at $242, with that value offset by liabilities of $76 and contributed equity of $166.

11. Requirements of The Public Sector Compensation Disclosure Act

Pursuant to Section 2(1) of the Act, the following employees of Fleet Vehicles Agency received compensation, directly or indirectly, of $50 or more in the fiscal year ended March 31.

Name	Position	2004	2003
Kathryn Bernhardt	Manager, Support Services	$ 54	$ 58
Derek Boutang	Systems Analyst	59	59
Donald Chesney	Manager, Fleet	66	65
Dennis Ducharme	Chief Operating Officer	83	80
Jordan Janisse	Systems Supervisor	66	61
Kevin Kilbrei	Manager, Marketing	52	
David Kroeker	Programmer Analyst	55	55
Vladimair Lachowsky	Radio Services Technician	53	
Albert Ogonoski	Manager, Finance	62	60
Franklin Recknell	Radio Services Technician	62	
William Reynolds	Senior Manager, Strategic Planning	62	60
Guy Sinclair	Manager, Operations	66	64
Sean Stephen	Radio Services Supervisor	64	

12. Comparative figures

The financial statements of Radio Services for the year ended March 31, 2003, were reported as a part of Desktop, Telecommunication and Network Services, and are therefore not reported as comparative information in the financial statements of Fleet Vehicles Agency.

Financial Statements

Schedule of Other Revenue and Expenses – Vehicles
Year Ended March 31
(In thousands)

		2004	2003
Other revenue	Service	**$ 837**	$ 872
	Rebates	**768**	576
	Autopac service revenue	**293**	262
		$ 1,898	$ 1,710
Vehicle operating expenses	Amortization	**$ 8,354**	$ 7,707
	Fuel	**6,218**	6,221
	Insurance premiums	**3,010**	2,665
	Repairs and maintenance	**3,709**	3,462
		$ 21,291	$ 20,055
Administrative expenses	Amortization	**$ 149**	$ 144
	Fleet management information system	**155**	191
	Human resource overhead	**436**	396
	Occupancy costs	**426**	418
	Other costs	**85**	58
	Professional fees	**20**	49
	SOAFA charges	**2**	2
	Supplies and materials	**60**	54
	Telephone and communication	**27**	28
		$ 1,360	$ 1,340

Financial Statements

Schedule of Revenue and Expenses – Radio Services
Year Ended March 31, 2004
(In thousands)

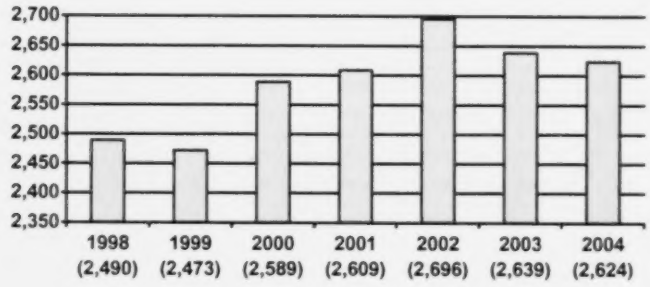
Revenue		**$ 1,757**
Operating expenses	Parts and repairs	**783**
	Salaries	**484**
		1,267
		490
Administrative expenses	Amortization	**18**
	Fleet management information system	**24**
	Human resource overhead	**61**
	Occupancy costs	**43**
	Other costs	**1**
	Supplies and materials	**21**
	Telephone and communication	**18**
	Transportation	**73**
		259
Radio Services, net		**$ 231**

Note to schedule: The above revenue includes $139 in billings for licenses and access fees which has no matching cost. The cost portion of the licenses and access fees was recorded on a cash basis in 2002/03 in the records of Desktop, Telecommunication and Network Services.

FLEET Facts

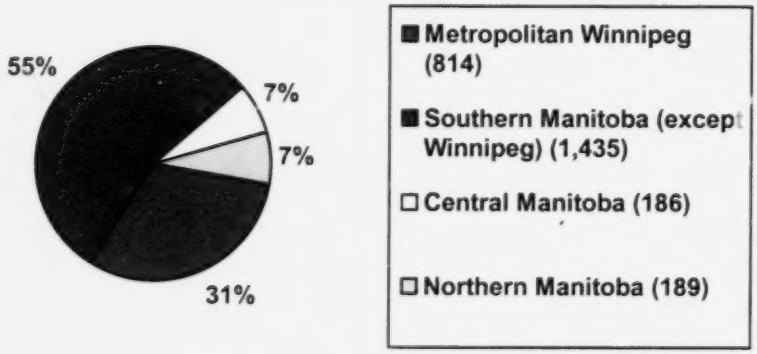
Year ended March 31	Projected 2003/04	**Actual 2003/04**	Actual 2002/03
Distance			
Total kilometres driven (000s)	55,671	**56,266**	56,302
Revenue			
Total lease revenue (000s)	$ 24,874	**$ 25,259**	$23,866
All other revenue (000s)	$ 2,211	**$ 2,637**	$ 2,614
Total revenue (000s)	$ 27,085	**$ 27,896**	$ 26,480
Average lease rate per kilometre	$ 0.4468	**$ 0.4489**	$ 0.4239
Fleet Composition			
Total number of vehicles - full fleet management services	2,292	**2,357**	2,377
Total number of vehicles - dry (no fleet management services)	262	**267**	262
Total number of vehicles in the fleet	2,554	**2,624**	2,639
Acquisitions - Trucks, vans and sedans	299	**300**	325
Acquisitions - Ambulances	20	**20**	20
Average acquisition cost - Trucks, vans and sedans (000s)	$ 27.8	**$ 30.6**	$ 27.1
Average acquisition cost - Ambulances (000s)	$ 90.6	**$ 87.8**	$ 88.9
Disposals - Trucks, vans and sedans	329	**335**	402
Average disposal proceeds (000s)	$ 7.0	**$ 5.0**	$ 5.1
Gain on disposal of vehicles (000s)	$ 528	**$ 708**	$ 894
Average vehicle age (in years)	3.6	**3.6**	3.7
Fuel Consumption			
Litres (000s)	8,963	**9,743**	9,687
Price per litre	$ 0.7119	**$ 0.6382**	$ 0.6422
Litres consumed per 100 kilometres	16.10	**17.32**	17.21

Fleet Size as of March 31 *(in units)*

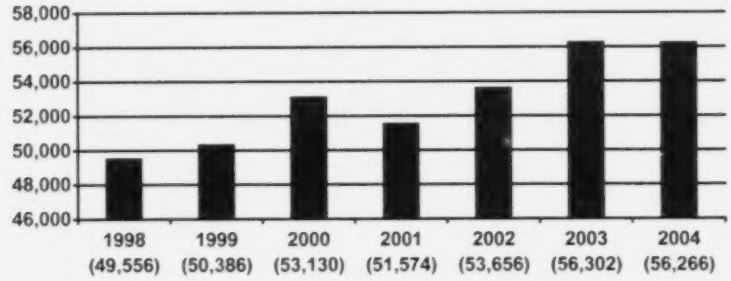


Vehicle Type as of March 31, 2004 *(in units)*

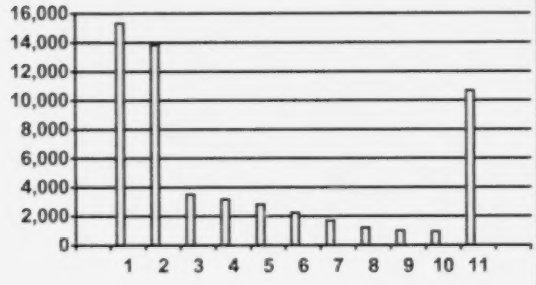
Distribution of Vehicles as of March 31, 2004 *(as designated by MPI regions)*



Fleet Distance *(in thousands of kilometres)*



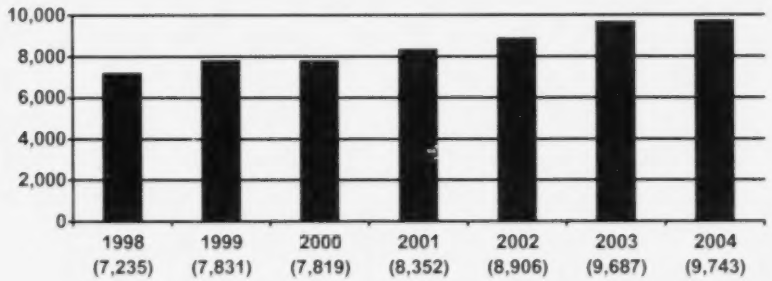
Distance by Department in 2003/04
(in thousands of kilometres)



Distance by Department Legend
(in thousands of kilometres)

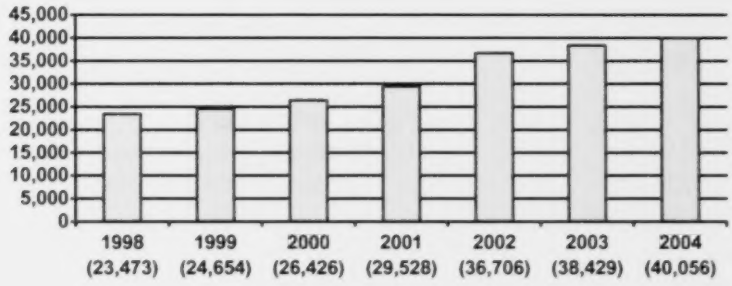
1.	Transportation and Government Services	15,323
2.	Conservation	13,832
3.	Health – Emergency Services	3,503
4.	Justice	3,162
5.	Family Services and Housing	2,794
6.	Manitoba Lotteries Corporation	2,217
7.	Agriculture, Food and Rural Initiatives	1,679
8.	Intergovernmental Affairs and Trade	1,185
9.	Office of the Fire Commissioner	988
10.	Labour and Immigration	931
11.	Others (87 other customers)	10,652
	Total distance in 2003/04	56,266

Fuel Consumption *(in thousands of litres)*

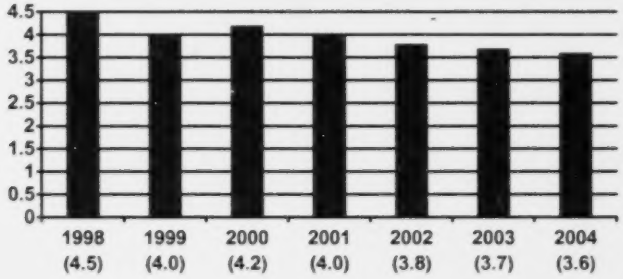


Carrying Value (Cost less Accumulated Amortization) of Vehicles

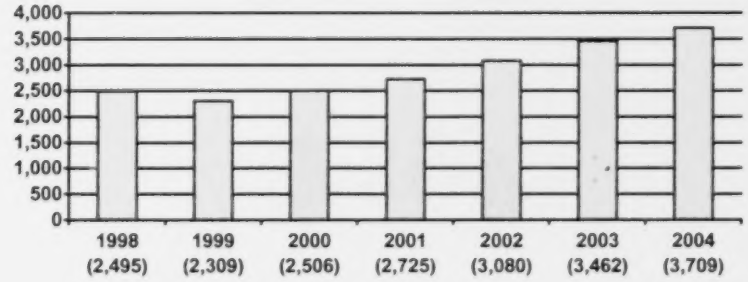
(in thousands of dollars)



Vehicle Age *(in years)*



Repairs and Maintenance Costs *(in thousands of dollars)*



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